

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

August 7, 2006

4:30 PM

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

Present: Aldermen O'Neil, Lopez, Smith, DeVries

Absent: Forest

Messrs.: Diane Prew, Frank Thomas, Frank Guinta, Randy Sherman, Kevin Clougherty

Chairman O'Neil addressed item 3 of the agenda.

3. Update to be presented by Diane Prew, Director Information Services, of Police and Fire Computer Aided Dispatch and records management system.

Chairman O'Neil stated I thought it would be a good idea, as often as we can, monthly if possible, that we have a brief presentation by the Information Systems Department on what's going on in the City. I think we found during the budget process that there were a lot of good things going on and we just didn't know it. So, I spoke with Diane and she said they can come up with a topic every month. So, with that, I'll turn the meeting over to Diane.

Diane Prew stated good evening, ladies and gentlemen. I appreciate this opportunity to speak with you. This evening we'd like to give you an update on the Police and Fire CAD/RMS system. We were here a few months ago talking about funding for this, and how the vendor was selected. We did select Intergraph Public Safety, a company that is a subsidiary of a very large corporation, a graph corporation. They provide public safety software in 1989. They have almost 300 installations worldwide, including Washington DC, Howard County Maryland, and Fort Lauderdale, to name a few. We signed our contract on May 18, 2006. The cost of the contract is \$1,500,000. We built in 16 payment milestones, so that the company gets paid on the basis of completion of each milestone. We will be retaining ten percent to ensure that everything is completed to our satisfaction.

The total project estimated cost was \$1,870,000. Our funding comes from CIP fiscal year 2005, \$1,490,000; CIP for fiscal 2007, \$300,000. Though there's an \$80,000 discrepancy there. We did not receive the full \$380,000 but we'll do our very best to stay within the budget. Now what is CAD/RMS? CAD stands for computer aided dispatch system, using computers to dispatch police cruisers, fire equipment, ambulances. RMS stands for the Records Management System. That's using computers to maintain all the information about a police or fire incident, that stores all the information having to do with a crime or a fire or the people involved. It also provides the vehicle to analyze that data and it also creates reports both on a departmental level and for state and federal requirements. The Police and Fire will be sharing the CAD system to dispatch their respective vehicles. There are separate dispatch centers. They are using the same system, but that system can be shared and the information between the two departments can be shared or not as required and that's configurable by the two departments. They will work that out and if they need to change it they can do that at any time if they so desire. The supporting computer equipment for the CAD system will be located in the Information Systems Department computer room and there will be a redundancy at the Rines Center so if there's equipment failures we can fall back on that. If there is a disaster within the City we would have a secondary site that could be used to support public safety. Now the Records Management System is a little bit different. Each department will have its own Records Management System because their needs are so very different. Police will be using the Intergraph's public safety system and Fire will be using Firehouse software. Firehouse software is the most widely used fire system in the country. Both systems will be fully integrated with the CAD system to share information. Another term that you'll be hearing quite often as we go through this process is MDT. MDT is the Mobile Data Terminal that is located in the police cruisers and will be located in the fire apparatus and also on ambulances. The MDT's will communicate wirelessly with the Intergraph public safety system and will provide mapping capabilities, emergency alerts, reporting and NCIC look-ups, to name just a few of the capabilities that will be possible in the apparatus and in the cruisers. Our GIS, or our Geographic Information System, is also a very important part of the new safety system. Recall our GIS system brings information, City maps and aerial photographs together. The whole CAD/RMS system is built upon mapping. That's one of the trademarks of Intergraph that they have built their system on the use of maps. What this will provide through the departments is that the dispatchers will be able to see the incident locations on the maps. They will be able to see what's around a particular incident. The men in the police cruisers and in the fire apparatus would have that same capability. Another example would be that the Fire Department could visually see on the maps where the fire hydrants are, and the maps will also be very important in doing data analysis; if you're doing crime analysis you can lay out where, say, a group of burglaries have been in a particular neighborhood, and you can see the same for Fire. They can lay out,

on the maps and see, visually, where things are happening. This is a diagram of the network that's going to make all of this work. If you look in the upper left hand corner, that's equipment that's going to be in the police department. The right hand side is in the Information Systems Department and the lower half is what's at the Rines Center. The reason I wanted to show you this, this particular layout drawing was done by our LAN administrator, John Fortier. This is not what the vendor had originally proposed to us, but John worked very closely with the vendor and with the State Police department. He needed approval from both the vendor and the State Police in order to do this, but this particular design has saved us \$100,000 on the project through the type of communication that we're going to be using and also because of the equipment. So, I just wanted to call that to your attention. The current status of the project, we had our project kick-off meeting the week of June 12th. All the departments involved got together with Intergraph to talk about how this process was going to proceed. It's going to be a very lengthy process; there are going to be a lot of people involved. We purchased the initial computer equipment. It's been ordered, it was received, and it was installed. Applications have been loaded and training has started. We had two weeks of training so far. The departments are starting to enter information in such as the Police officers, Fire officers and that type of thing. We're working on data conversion. There's a lot of important information that's in the old systems that both Police and Fire have. That's going to have to be taken out of the old system, reconfigured and reloaded into the new system. They can use that as they go forward. The process with Intergraph... Intergraph will have people on site at least two weeks each month from now on through July of 2007. There'll be massive training going on – all the Police officers, all the Firemen. Everyone need to go through training. The data conversion that I mentioned will be ongoing. That's usually a very lengthy undertaking. The systems will be set up and configured. This particular system has a great deal of flexibility. For example, the dispatchers will be able to determine what their screens look like that they'll be using to make it easier for them to do the job they need to do. There'll be a great deal of system testing to make sure that everything is functioning properly before we go live. And we are hoping to go live with the systems sometime in August of 2007. So, we're looking at a year. That date could change, depending on how things go. What we hope to do is give you an update periodically, both the good and the bad, to let you know what's happening. If anybody has any questions I'd be more than happy to answer them.

Alderman DeVries stated you mentioned the retainage of ten percent of the project funding. Do you have any idea how long... is that until completion of the installation and functionality or is that going to be held for a period of time when you determine...

Ms. Prew stated there's a testing period and the system has to meet certain requirements that we've spelled out so I believe the testing period is 90 days. If it fails, it restarts until we get to a certain point that we are satisfied. So it will be probably a good deal longer before we actually go live. Bringing the system up doesn't necessarily mean that everything is 100%.

Alderman DeVries asked and how do we pay for these...after the completion of the project?

Ms. Prew stated there is annual maintenance that will be part of the budget process.

Alderman DeVries asked do we know that figure today?

Ms. Prew stated it is approximately \$120,000 a year.

Alderman DeVries referred to the savings of \$100,000 because of the LAN Administrator's work asking what time that was accomplished, before or after the budget process.

Ms. Prew responded it was completed after the budget process.

Alderman DeVries asked the \$100,000 savings? Does that take care of the \$80,000 shortfall?

Ms. Prew responded we hope it will, but ...hard to tell.

Alderman DeVries asked which makes that not a concern for you today? Will we know next year?

Ms. Prew responded oh yes, I mean we should....one of the unknowns with a project like this is where we always look for contingency is conversion. How long that takes and how much assistance we would need.

Alderman DeVries additional questions on that...the contingency built into the dollar amount was what?

Ms. Prew responded we had been looking for ten percent contingency for the project.

Alderman DeVries stated and that's the retainage then, the ten percent...It's equivalent to the retainage then?

Ms. Prew stated right.

Alderman DeVries stated one final question if I could. The Comstat Compliance of the workplace, the Mayor's new release priority, I believe we asked the question months ago when you were before us, but this program will interface with that program?

Ms. Prew responded yes. Comstat is a process, it's not a program. It's a philosophy. This would provide the information that's needed to put that in place. And they have several communities that are involved in Comstat that have integrated. We did review that with the company.

Alderman DeVries stated thank you very much.

Alderman Lopez stated thank you, Mr. Chairman. New question if I may. The \$80,000 shortfall, did you sign a contract for the total or did you minus the \$80,000?

Ms. Prew responded the \$80,000 was part of the...what we were looking for as a buffer, additional funds that are there to cover whatever unexpected thing might come up.

Alderman Lopez asked but did you sign a contract for the total amount, including the \$80,000 or...

Ms. Prew responded we have sufficient funds to cover the Intergraph contract, which was the software portion of this, and to buy the hardware that's necessary to support that because if you look at the numbers, I think the estimated...the contract was a little over \$1.5 million and then we had approximately \$200,000 or \$210,000 in hardware components that were purchased. So that brings then the total to a little over...

Alderman Lopez stated just tell me how much you signed the contract for.

Ms. Prew responded oh, what they signed the contract for? \$1,516,718. That was the actual contract with Intergraph. That did not include the computer equipment to run the system.

Alderman Lopez stated in the '07 budget we're getting an additional \$300,000. Explain that to me.

Ms. Prew stated the \$300,000 was to pay for the equipment, which was about \$210,000 and then that would leave us... \$170,000 sticks in my mind as a

contingency fund if something unexpected occurred, such as conversion problems, that type of thing.

Alderman Lopez stated there's a little confusion, so maybe we can get a one-sheet explanation.

Ms. Prew stated sure, we can do that.

Alderman Lopez asked on the GIS, is that a completed project now? It's been on for a number of years. GIS is all done?

Ms. Prew responded GIS is done from the perspective of the consultants and so on. But GIS is something that is always growing, is always being added to. One of the things that will be added to the GIS because of this project is something called a street centerline file. That's a map that shows all the centerlines on the streets with their names, then it has the range of address from street intersection to intersection. That's something new that's going to be added to the system. So that's an ever-growing system.

Alderman Lopez stated in your professional opinion though, the Fire Department or the Police Department could have used GIS for plotting out major events in the City. Is that a fair statement?

Ms. Prew responded they will be using that, yes.

Alderman Lopez stated that's not my question. You said a GIS can look up the entire City. So the Fire Department or the Police Department could be utilizing it today, without the new equipment coming in, to plot out major items throughout the City.

Ms. Prew responded yes, it could be used for that.

Alderman Lopez stated back to the proposed layout. You said it was changed and it cost an additional \$100,000.

Ms. Prew responded we saved \$100,000.

Alderman Lopez said okay, apology. We'll just move right on if you saved some money. The old and new data, is that the responsibility of the departments to put that in the new system for the Police Department and the Fire Department?

Ms. Prew responded yes, the departments will be working on that. Now, in the case of the Police Department, we are looking to work with the vendor of the old system to assist with that conversion because that's a very big complex.

Alderman Lopez stated just explain something to me on the Police Department. They do their own thing over there, I understand. They have their own technicians and do everything. Is that correct?

Ms. Prew responded they have two information support specialists in their department, yes.

Alderman Lopez stated so they'll do that. Go to the training aspect of it. Is there any penalty clause in the training if the individual doesn't complete by July 2007 to train all our people?

Ms. Prew responded if the training weren't complete, we wouldn't pay them.

Alderman Lopez stated in the contract it says they must complete training to all employees by 2007.

Ms. Prew stated no, it doesn't specifically say that they must complete the training, but...

Alderman Lopez stated you said training. You said training must be completed by July 2007.

Ms. Prew stated, no, I said the system...we hoped that the system would go live in August of 2007. There's no limitation on the training.

Alderman Lopez stated I'm not sure I understood you. In the contract is there any penalty whatsoever if the vendor doesn't complete something?

Ms. Prew stated the vendor wouldn't get paid and if there's...we also have a performance bond, if we have serious problems.

Alderman Lopez stated, okay, very good. Thank you, Mr. Chairman.

Alderman Smith stated thank you, Mr. Chairman. Diane, we had the serious discussion about flooding down in the basement. Has that been rectified if you're going to put all this equipment downstairs?

Ms. Prew stated they've been working very hard on the problem to see why we're flooding, but with all the massive rains that we have had, and the flooding that the City experienced, we were dry as a bone.

Alderman Smith stated do you think that that has been corrected, because you're putting in...

Ms. Prew stated I honestly have no idea whether it's been corrected but I know that Frank Thomas and his engineers have been looking at it, and they have, on more than one occasion, put cameras down through the pipes in the drainage to see what was going on. I'm not aware that anything conclusive has been found. I will say, as much as I would like to move out of my basement, with the water problems we've had, equipment has never been damaged because we do have raised floors. We have water detectors that make us aware as soon as there's the slightest drop of water, so the equipment has not been damaged. If we could find a more ideal spot, that certainly would be something we would like to do. But, unless...it would take a foot or more of water to endanger the equipment. And we do have a disaster recovery site, should we be in that situation. Now, obviously we don't want to be in that situation. I think that Frank Thomas is here, maybe he could tell you more on this situation on the building.

Alderman Smith stated thank you. What is the total value of the equipment stored there because it is very essential to our operation of the City? Do you have a total amount of all the equipment you have there?

Ms. Prew stated there's several million dollars of equipment in the computer room, and then, of course, the rest of the millions and millions of dollars of equipment is spread throughout the City and City departments, and such, but there's several million dollars worth of equipment.

Alderman Smith stated thank you, Diane. Mr. Chairman, I suggest that we get Frank Thomas up here because I hate to see a storm come up and we'd lose 7-8 millions worth of equipment.

Frank Thomas, Highway Department Director, stated to answer your question, we do not know what's the cause of the problems there. It's massive spaghetti as far as the piping under the building and outside the building. As Diane mentioned, we have TV'd a lot of the pipes. We've cleaned and checked some of them. But I can't sit here and say that there isn't going to be a flooding situation next week, next month, next year. In order to provide some type of an assurance we'll actually almost have to get in, try to tap into the existing underground system, underground permanent drainage system and potentially put a back-up way of disposing of the water that's collected, assuming that that permanent drainage

system works, which we don't really know. So, there isn't any easy solution to the problem and quite frankly we don't know exactly what is wrong, but as Diane mentioned, we would have assumed that she would have experienced some water problems with the flooding, and even if it didn't occur at the time of the flooding that took place in the City, with all the rains that took place afterwards that raised the groundwater throughout the City, we didn't have that problem, so it's very puzzling. We don't know what the answer is. But we know to try to do something to ensure that it's not going to happen, it's going to be a very costly matter.

Chairman O'Neil asked are there any other questions of Mr. Thomas? Thank you, Frank. Other questions for Ms. Prew?

Alderman Lopez stated I have two questions. \$120,000 a year for maintenance, could you elaborate just a little bit? What does that mean?

Ms. Prew stated that includes 24 hour/seven support for the system. If there's a problem, Police and Fire can call for assistance. These systems are always undergoing changes with Federal requirements and such. That includes all the updates that the vendor has to estimate to keep the system current. It also includes improvements to the system. There's what they call a user group that requests changes, improvements, enhancements to the system and the vendors work with them. Those are put in. That's what you're paying for.

Alderman Lopez stated one final question I have related to technology. Do you have an advisory board of people that are qualified like yourself, or people you have as advisors or do you have department heads who know nothing about computer equipment?

Ms. Prew responded the system's advisory committee is made up of department heads and they have always functioned for us in terms of policy and coordinating those things that are a global view of what the City needs.

Alderman Lopez stated right. If I'm a department head, I say, hey, I need a particular program, I'm going to go to you. And I'm talking about the technology aspect of it. Do you have people that, maybe a four or five person technology committee, to advise you as a direction we should go in technology? Do you have anybody like that?

Ms. Prew responded no we don't.

Alderman Lopez stated we never had anybody like that?

Ms. Prew responded no.

Alderman Lopez stated it's sort of...everybody in the City is at the mercy as to what goes on in technology to your

Ms. Prew stated by City ordinance when departments have needs they have to put those through our department and we work with those departments to solve the needs that they have.

Alderman Lopez stated I'm not trying to...your qualifications or anything, or your professionalism. I'm just saying, how do we know that we're going in the right direction in technology? Just by what?

Ms. Prew stated the staff that I have is highly qualified. We're keeping up with what's going on in technology. We look at what is coming in the City as much as we can. Now, the City does not have a real strategic plan in terms of projects and such that are coming, so as we do our planning, we're looking at what is going on in technology around us. We're looking at...we know some of the projects that departments have. We're looking ahead a lot of planning in the networking of communication area. A lot of it's driven by funding, too, as to what we can do.

Alderman Lopez stated I guess maybe that's my point. You're driven by finances, but without mentioning any names, you hear different things...well, they can't get a program for me. I don't know if it's the right programs they're looking for and that's why I asked you the question...is having maybe people of your profession to advise you as to whether or not we're going in the right direction. Other than all of the department heads saying, I need this, I need that, I need that. Well that's what I was looking for, and I don't expect you to...it's just a comment that I'm making because I hear from department heads, and I wish they would contact you and you give them the reason why it can't be done. That's the appropriate thing.

Ms. Prew stated I would say too, we try very hard not to...we understand departments have needs and we try to solve their problems. Sometimes they can't be solved in quite the way they would like to and we have to work around it, but we do make every effort because that's what our mission is. We're a support department and if our departments don't have needs, then they don't need us.

Alderman Lopez stated this is my final comment on it. If I was a department head asking to do something and you told me it can't be done in computer world, that's it. I'm not a computer person so I don't know.

Ms. Prew stated right but I would certainly hope that my staff wouldn't just give you an answer and say, no we can't do it. There would be an exchange of information as to what the situation is and why it could be a problem.

Alderman Lopez stated I thank the Chairman for asking you to come here because I think that's very important because we're not communicating. I don't say you're not communicating, but we don't understand the computer technology. It's very important that we have other people in your profession to give us some guidelines. If it's a matter of money, that it's going to save us money in the long run, we need to know, or if it's a department head that needs something as to why you can't do it. It might not be a simple solution as to why you can't do it, but it's because of money. We never get that dialogue. It's just some area I think we should look at and see where we're going for it.

Chairman O'Neil stated we're going to bring some closure to this part of the committee meeting because we have another topic which I'm sure is going to keep our attention right up to when we have to adjourn, but I want to thank Diane. I think that the talk about maybe developing a strategic IT plan makes some sense because I don't think we've ever had one in the City or anything like it. Just an observation from me. I think some departments embrace technology, others don't want anything to do with it, and there's probably a third group that has used some technology, so I think developing a strategic IT plan makes a lot of sense. I don't know if we need to take some action on that, but we may want to suggest it to the full board that the full board encourages the City to develop a strategic IT plan. With that I'm going to thank Diane for being here tonight. Again, the intent is going to be that every month, try to update us on some project going on in the City. Maybe six or eight months down the road we can get an update on this project, so thank you very much.

Chairman O'Neil addressed item 4 of the agenda:

Discussion relating to the implementation of centralized purchasing, fleet management and purchasing cards.

Chairman O'Neil stated Your Honor, you have the floor.

Mayor Guinta stated I would like to start out by saying don't blame Randy. He's instructing me to say that. They're not his ideas, they're my ideas. Thank you very much for...if I could speak for a few minutes. I just wanted to reiterate a couple of points regarding central purchasing in particular and I certainly hope that this committee will move forward, trying to identify appropriate short and long term support for what I think are two very critical policy changes in the City. That being central purchasing and the BSO (Business Services Officer) position. Just

to give you my reasons for bringing this to the Board in the first place, I would like to see a greater level of accountability and a greater level of benchmark standards employed when we look at all financial aspects of City government. I think that two areas in particular where we can make some improvements are in central purchasing and fleet management. Quite honestly, we do have these sort of ideas somewhat in place in the City, but I think that they need strengthening. I think that it needs direction from the Board of Mayor and Aldermen so the appropriate department heads and hopefully the appropriate people who would be responsible for these new policies understand the importance of the initiatives. One of the things that I would like to do, or that I can do and I guess I will do is have at least the job descriptions referred to HR, so we can at least keep this moving along. But I'm here merely to reiterate my support for these initiatives and my willingness to work with this committee to iron out any of the details that you may see as either problematic or obstacles in getting this done. But I think it's good for the City. I think it's good for the departments, and I think it'll give the Board of Mayor and Aldermen a better handle on what the long term planning aspects should be as I listened to the last couple of minutes of the item before us. You talked about a strategic initiative and long term planning in Info Systems. I see this essentially as the same thing but for different subject matter, central purchasing and fleet management. So, I am not part of the formal presentation. If you had any questions before the presentation started I'd make myself available.

Chairman O'Neil stated I have one. Would you agree that we may be able to meet those goals without necessarily creating new government?

Mayor Guinta stated I guess I would need a little more...

Chairman O'Neil stated in speaking to city managers, town administrators, local government people around New England, because I inquire, What are you doing? Many are telling me they achieved goals of efficiencies of central purchasing, etc. without creating entire departments to do it, without having a central purchasing department. And the example that's used in many cases is why, if we're going to go out for a procurement on a dump truck at Highway or a professional auditing service for Finance, the respective departments have to write the specs. Then all they do is send it to a central purchasing person who then puts out the specs. In my opinion there's a duplication, and that's what I've heard from many others around, that many have taken the approach of, let's change the policies and procedures but let's not necessarily do it without central purchasing. I've had some communities say they've had central purchasing for 30 years and they wish they could get rid of it. They think it's restrictive.

Mayor Guinta stated well I certainly hadn't heard that. That would be news to me. However, I am certainly willing to look at whatever alternatives and ideas come

from the committee. I'm not looking to grow the size of government here. I am looking to try to streamline and if you'll notice, I'm not asking to create or bring in additional people but sort of move people around within the organization we call the City of Manchester. So, do I think we can achieve this without creating additional government? Yes. I too would like to focus on the process. Now, obviously in the proposal that I had presented to the Board during the budget process, it did move some people into a position of central purchasing, but I'm not looking by any stretch of the means to create a whole new department. As a matter of fact, it probably makes a lot of sense for us at some point to look at how the department structure exists and whether this is an opportunity to try to streamline some of the administrative functions and some of the duplicate efforts you may see by considering a Department of Administration for the City of Manchester. I know that it's been discussed in the past but I think it may be time to look at that again, and maybe this is the first step in looking at, you know, should we start to change the function of or where some of these departments are housed? So, I would certainly share with you the agreement that if this should be done, it should be streamlining, in fact it should not be creating more work for people. That's certainly not my intention.

Chairman O'Neil stated thank you. Questions for the Mayor?

Alderman Lopez stated Your Honor, we're on the same line...efficiency, and I would hope that Randy's going to tell us what the inefficiencies or efficiencies are without this particular program. You're well aware of the purchasing aspect of Frank Thomas's division, and I sort of share to some degree, that we create a new position, and maybe we didn't need that position in the first place. But that's a plus. Policy changes might be in order, in comparison to the individual that's doing central purchasing now, as to the direction that the City wants to go. Do you know of any efficiencies that are at stake today...why you would present this?

Mayor Guinta stated well I think when you see the next slide there are identified the top priorities of central purchasing. Does it point to a specific inefficiency that you can attach a dollar cost saving to? I think you have to look at the entire proposal to determine what the overall cost savings would be. For example, having Highway a central purchaser, not include in that function or responsibility other purchasing requirements of the City, I think in and of itself can be efficient or may cost us to spend more dollars than we might have to. So, I think if you streamline the process, if the City of Manchester solely works as one entity, as opposed to 22-23 different departments, I personally believe you would find efficiencies. We talked about duplicating efforts, we know that the purchasing requirements of Highway are far different than Info Systems or Police or the Building Department. But the fact that we have probably someone designated in each department performing that function I think certainly takes time away from

what that individual's day should be looking like, rather than focusing on some of the smaller purchasing aspects of each individual department head. To me, centralizing it provides you with greater buying power than we already have. That's part of the job of a central purchaser. It's really to continue to look at the cost of something...and I know for example every department head right now is going to look for the lowest cost for an item. But it's a job in and of itself to determine what are the costs today versus a year ago versus six months from now or twelve months from now. I know when I, for example, when I came into office we looked at the cost to just buy basic supplies and we found the same materials far cheaper, I think it was either Staples or... and we ended up saving five or six hundred dollars. Now that's on a very small scale example, and does a department or a department head have the intention or belief that they're spending more than they should be? No, they probably think that they're being as efficient as they possibly can. But to centralize that function to me, there are some I would think marked improvement in how we can...the dollars that we spend and how much money...what dollar amount is necessary to buy the overall product that we're trying to buy as a city.

Alderman DeVries stated, Your Honor, while you're talking about the centralized purchasing and the ability to save dollars if they're buying, it sounds like buying in larger quantity, is there a central storage facility that's part of this? I guess I haven't seen a whole lot of detail on the proposal and that's part of the problem.

Mayor Guinta responded that's what's coming next, but there would be a proposal to look at that. I mean, there's a couple of options you can have. First of all, you can have a central warehouse or, depending on who you're contracting with, things can be stored at their location and shipped to us as necessary, but that's something that Randy's going to get into with a little more specificity.

Alderman DeVries stated why don't I wait and see the program.

Mayor Guinta stated as much as I know Alderman O'Neil would like to store additional fire trucks, we can't.

Chairman O'Neil asked, Your Honor, do you need to take off or...

Mayor Guinta responded I would like to unless you'd prefer me to stay but I've got...

Chairman O'Neil stated no, that's fine. I just want to say before we go into the presentation I think that you're going to find an agreement amongst your colleagues on the Board of Aldermen that we're all interested in the way we can operate more efficient. For instance, you mentioned Highway. Mindy purchasing

X number of different tires for the various vehicles at the Highway Department. Why can't...and this is where it goes into just changing policy and not creating positions.

Mayor Guinta stated sure.

Chairman O'Neil stated she has the title of Purchasing Manager over there. She could purchase tires for the Fire Department. Every department that has to purchase tires. We can do that without having to create a new position, create a whole new organization, and we might save some money doing it. That's my point about...

Mayor Guinta stated and I think this serves as a catalyst to try to find that efficiency and trying to lower the cost of doing business essentially.

Chairman O'Neil stated I think we all agree on that. I think it's going to take a little time to get there but as we work through some other things this past spring, I think we can get there.

Mayor Guinta stated well I'll certainly be here if and when you need my assistance.

Chairman O'Neil stated thank you, Your Honor. With that...Randy?

Randy Sherman, Deputy Finance Director, stated okay, we have 35 minutes. I'll try to go through this as precisely as possible.

Chairman O'Neil stated let's go into this knowing very well we're not trying to come out of today with a solution. This is the...we're crawling before we walk, before we run. And somehow we've already got into a little sprint on one item. We didn't even crawl yet on it, so...

Mr. Sherman stated when we first sat down and started talking about this when the Mayor was putting together his budget, these were the five items that really were identified as what the Mayor's goals were. And I know that Alderman O'Neil, the one you're talking about is the first one. And I'll get into a little more detail on that one later. Really, we were not looking to develop a group that actually went out and did the shopping for the departments. I think again as you mentioned, Alderman, it was really more to try to get some efficiencies in the system itself. Again, these are the five. One was to implement the purchasing card program. Initially we thought we would be able to do that in house, in the Finance Department and the deeper we got into looking at it, the more we felt that it really required someone who was dedicated to that process. But, again, the other four

are again, developing more of a coordinated purchasing, whether it be tires or office supplies or whatever it is, but coordinate that process more, so we don't have thirty different departments maybe going in thirty different directions. Develop City-wide contracts. We get to see the contracts in the Finance Department from every department, and I'll tell you, there is no consistency. There's not even consistency sometimes within departments. That causes problems, that causes confusion, and again, we think there are efficiencies in developing some standards in that regard. Again, standardizing the RFP process. I myself have drafted four RFP's in the last six months and I can tell you while there is some standardization, each one is different because it depends on where I grab my boiler plate from. I will very typically grab an RFP that another community has already drafted, I mean, why create it, and I use that and I start from there which then causes things not to always be standardized. And if we could do that, standardizing the RFP process, I think it would go a long way to standardizing the contract process. And, again, as the question was arised, do we have a central warehouse? A good example of that is we used to actually, there's probably only a couple of people in the room that remember, we used to actually buy all of our paper supplies from the school district, because nobody buys more paper than the school district does and they were, in essence, our central purchaser for some of our supplies and they had a central warehouse, and that is long gone. But these were the five steps that the Mayor laid out on how he wanted to see this develop. Let me just talk about the purchasing card. A purchasing card is really just a fancy name for a credit card. The City already has a credit card in hand. We use it...most of the departments have one or two cards, but they've gotten a lot more high tech than they were ten or twelve years ago when we started with the credit card process. Going to a purchasing card, if we can get a lot of our expenses paid for, using the credit card, it reduces a number of items that we currently handle. We went back and we looked at one month of payments that we make either to Robbins Auto Parts or to Sanel Auto Parts. In one month it was 289 invoices. That's 289 invoices that have purchase orders that need to be keyed into the system. If you use a purchasing card you'll now get one invoice. It's going to accumulate it for you, and it's going to give it to you at the end of the month. And you don't have the same volume and paperwork that you currently have. Also, by using the purchasing card, you are no longer required to use purchase orders, and again, I'll get into that a little bit later, and obviously if you're using the credit card, you're cutting one check for one vendor rather than, again, to multiple vendors. Some of the benefits to the card holder: again, it is a faster process because you're not waiting for purchase orders, you don't have to deal with the mail system or run back to the office. You've got the credit card in hand and you can go and make the purchase. Again, there's the workload that gets reduced by not having to run as many transactions through the system. Really what a purchasing card is going to do is, when you take that card and you swipe the card or you go on line and you do something and you're using that credit card,

we will literally get an electronic file fed right into the HTE system. You don't have to put the purchase orders in, people don't have to go in and key it in. And then there are also benefits on the vendor side of the operation. They will receive their payment faster. Right now, if I went out and purchased something today, through the old process, they wouldn't get paid until September 15th. There's the possibility if I go out and purchase something on the 26th of a month, they don't get paid until the 15th of, not the following month, but the month after that. By using the credit card, they will get paid typically within 48 hours. Obviously that depends on the system that they use personally and the bank that they use. When they get their payments faster, it increases their cash flow. They don't have to worry or deal with purchase orders. They don't have to send out invoices, so there are the same benefits on the other side. These are just some statistics that we went out and looked at and I tried to highlight it; hopefully you can see the highlight. These are studies that were done. By using purchasing cards it saved \$69 a transaction. That is the manual labor of processing that payment through the system. Those 289 invoices through Sanel and Robbins average \$70 an invoice. And if it's saving \$69 per transaction by using the credit card it means you're paying almost as much to process the payment as you are in buying the goods. And on the bottom there it says it can cut your procurement cycle by 74%. It eliminates using purchase orders. It eliminates the credit card program because it would replace the current credit card program. Probably reimbursements go away because, again, you'll have the credit card system.

Mr. Sherman continued (referring to the next slide) this is actually when Kevin and I and Joanne were here back in May during the budget process. We handed this chart out. Every department does not follow the POP process, box by box, on every individual purchase, but those are in a typical purchase, that we currently go through. That's the number of steps that we go through. The purchasing card is on the bottom. And as you can see, it eliminates a number of steps that we currently have, and that's where on here it says average of \$60 per transaction, versus what we currently have. We asked the vendor that we selected, which was Harris Bank out of Chicago, which is a subsidiary of the Bank of Montreal, to take a look at our vendor file for the year 2005. We sent them a list of all of our payments. They tallied it up. In 2005 we paid out \$185 million worth of accounts payable. They went through and then took those vendors and matched them with everybody that will accept their purchasing card. That was \$40 million worth of purchases we could have run through on the cards, or close to 22 percent. In 2005 we issued 28,000 purchase orders. If we could eliminate 28,000 purchase orders, and I realize that you're not going to eliminate every one of them, that was 4,500 manhours. Effectively that's two bodies, or two bodies that could be used for other purposes. The rebate, based on the contract that we had with Harris Bank, if we had that on all 40 million run through on the purchasing card, it would have been \$518,000 cash back to the City. By going from a credit card to a purchasing

card and maximizing it, we could have brought back a half a million dollars. And that wouldn't even be going after the other \$145 million that the companies that currently don't accept the card. The benefit of the purchasing card versus the credit card are the enhanced controls that come along with it. As I mentioned, as soon as you go and swipe that card, within 24 hours you're going to see that transaction come through on our desk top. But we have that control that we don't currently have. The departments will be able to see those purchases come through, which is why you don't need to do a purchase order. Right now the reason you do a purchase order is to encumber the funds so you don't spend them twice out of your budget. So if I'm going to go out and spend a couple hundred dollars I put in that purchase order so I know that those dollars are already spent. By using the purchasing card that same \$200 is coming to come through with 24-48 hours. Again, that depends on how quickly the vendor processes it, not the bank but how quickly that vendor processes it through. We obviously will reduce the number of invoices that are coming through and we also will have additional online abilities. We will be able to add and delete cards. We'll be able to change card limits. Right now, if we want to change a limit that somebody has on a credit card, we have to draft a letter and send it to the bank, and then they have to make those changes. We will now be able to control that in house. The best part of the purchasing cards are all of the control features that we can put on to mitigate our risk. Right now when I give somebody a credit card, it says City of Manchester and it's got the employee's name on it. They can literally take that card anywhere, any place that will accept the Visa card, they can take it and use that card. Now there is a limit on the card. Just like a personal card, it has a limit on it. But that's it. Those are our controls. It has a name and a limit. By going to the purchasing card, not only will we have the card limits, we can have transaction limits, we can put daily limits, we can block out a country, so if you don't want somebody to do business in Canada, we can block Canada out. We can take off cash advances, which, just to let you know, we currently also do not have cash advances. We can put certain merchant category codes. Every merchant has a category code attached to it. So if I wanted to give somebody a card, say over at the highway garage, knowing that they're going to be dealing with the auto supply houses and that type. I can block every hotel, every restaurant, every pet supply store. They wouldn't be able to use their cards where that department head doesn't want them to be able to use that card. If I'm sending somebody on a business trip, I can block everything except Hilton hotels and restaurants. You can get it down that finite to be able to give the departments comfort that those cards are not going to be misused, which right now, in all honesty, that's one of the main reasons why more people don't have the credit cards because people don't have the comfort that it's not going to be abused. We also have the ability to block out specific vendors. If there's a problem with the vendor or if we have a bid, say at WB Masons versus a Staples, you could actually block out one of those vendors if you wanted to say, no we're not using Staples, we have a contract with WB Mason. They're going to

give us a 20 percent discount and you could get people to go there and do those types of things. And we also have a master coverage, so if there is a problem with the card, if it's lost or stolen, we are protected and that goes on every card. The way that it was originally envisioned, and actually adopted in your budget, we would have a purchasing agent, and again, we felt that you needed to have somebody that was familiar with purchasing cards because, again, as we got further and further into it, the real main push on the purchasing card and why we selected Harris Bank is because you need to really go after that \$145 million that's sitting out there, that are vendors that do not take the card. And you'll be surprised who does take it. As a matter of fact, we got the Union Leader bills in today, we got the bills for all the departments that come in central, and if we pay it, I believe it's within ten days, we get a ten percent discount. We called them up this afternoon and we put it on the card, and it's all paid. Nobody has to key anything in. It's all going to come in and it'll come right into the HTE system. What it was, a purchasing agent and then there was an administrative assistant and a purchasing assistant. Those two assistants were going to be shared with the Fleet Manager, the way that it was originally designed is those four bodies would work sort of together, mainly because the bulk of what you have right now in the Fleet Operation is more purchasing. We're not looking at the central garage, although when I get to Fleet, you'll see what we're talking about, the central garage. And the whole concept, if you'll remember, was that the purchasing, which is a \$200,000 budget, was actually being funded by the rebates. Even though we think we can generate more than \$200,000 when we get the program up and running, that was where we decided to set the threshold. The way that it's being implemented right now...again, you don't have a purchasing agent, but Lisa Thibeault has been temporarily relocated up to Finance, and she is working on developing the programs and working with the departments and getting the cards all established. You actually have a job description for the purchasing agent in your packet. I want to say it came from the city of Sacramento. I think that's where we pulled that one from. We went out and looked at a number of them and that one seemed to fit the program the best. We have developed a policy guide which is attached. It's a draft at this point. We've sent it out to three departments, I believe, at this point. They are giving us our comments back. Again, we had met with a member of the department...

Chairman O'Neil stated just for the record, what three departments?

Mr. Sherman responded Police, Highway and Info Systems. And those three...the Police Department was selected because they actually are one of the major users of the credit card now. Highway obviously because of the amount of purchases that they have and Mindy has really sat through a number of the presentations and she's familiar with the process. And then Info Systems, again, just because of the volume that they use and they have also sat in on the presentations. I can stop here

and take questions on central purchasing or, if you like, I can run through the fleet slides. Do you want me to run through the rest of them?

Alderman Lopez I was just mentioning, I don't know if we're going to get through all of this. We'll probably have to have another meeting but I guess one of the prime things that...why does Finance have to do this when we have a central purchasing officer which is under Frank Thomas and Mindy? Just give me some reasons why it should be centralized and located in Finance and not there.

Mr. Sherman stated I won't give you the reasons why it should be in Finance. I think that was the Mayor's place on where he thinks it should be. But again, I think it gets back to the first slide. Go back to the first slide. I don't think those five things are being addressed now. At least the Mayor doesn't think those five things are being addressed now. And if you think about it...

Chairman O'Neil stated number 4, Randy, was rewritten about a year and a half ago. A number of departments worked on it.

Mr. Sherman stated now you have a procurement code, but you don't have standard RFP's that go out. And you don't have standard contracting. I'm not sure that I should be writing RFP's for everything, well, you know, for the things that we're doing. And every department is out writing their own RFP's. Now if you had that standard, you could say okay the City Clerk just went and bought a copy machine. Now, so why should Finance then draft an RFP to go and do a covenant? We are duplicating and if you think about it, you have central purchasing for fuel oils, we have central purchasing for computer equipment, and neither one of those are being done by a purchasing agent. I think that's what the Mayor said. If we're going to have a purchasing agent, it really needs to be more of a global, city-wide...and that's really not what you have.

Alderman Lopez stated just to follow up what I'm saying. I guess what I'm saying Randy is this, is that let's say for sake of argument I agree with everything and there're some good points in the whole process. And it goes back to the policies that need to be implemented in order for the thing to get done. What is not being done today, and we have a centralized purchasing, why can't they do it? Why does it have to be in Finance? Finance is a different role.

Kevin Clougherty, City Finance Officer, stated Alderman, I look at this as two pieces. There's the central purchasing and there's decisions that have to be made about, are we going to buy tires, and things like that. Does that have to be in Finance? No. That's a discussion that you people are going to have to have. There is a piece, however, that is my responsibility under State statute, under Charter, under Ordinances, and that is, as the Treasurer, I am responsible for the credit

card. If you think about it, I think Randy you've made this point a couple of times already tonight: a credit card is simply a means for a transaction, no different than a check or currency or anything like that. Managing the use of that is the exclusive responsibility under State statute of the Finance officer or the Treasurer. Just as I have to build in controls on how checks are going to be used, and how they're going to be processed, I'm the one that, as the Finance officer, is responsible for selecting the banking arrangement and making sure that there are controls in place, to make sure that the mechanism of the pay cards is taken care of. So, to date, we've really spend a lot of our time in Finance making sure that that's done. So that if you want to go ahead with this program, that's in place and it is not in any way or form going to hinder you or prevent you as the Board from making your \$200,000 target in the budgeting. And that's critical for us. We've been somewhat overtaken by the events of time. We want to do that \$200,000. Right? And we're going to have it as part of the tax rate setting process coming up in November. We have got to have a mechanism in place and start using the cards to some degree to generate that \$200,000 or when we go to set the tax rate, that \$200,000 is going to have to be reduced, there'll be a tax consequence or you're going; to have to eliminate positions. It was not our understanding that that was the path the Board wanted to go down. But we've put in place the banking architecture and mechanism of the cards so that that works.

Chairman O'Neil stated let me stop you there. I don't disagree with you other than you put the cart before the horse. We may have...the big picture of approving the budget, the \$200,000 might have got lost and everything else, I mean, we're worrying about keeping fire stations opened, what police protection we're going to provide, our school system. So, the \$200,000 may have got lost, and I'm not sure the intent of the Board was to approve it and then approve everything going forward. This needed a lot of work. It happened, and you're right, if we don't have things in place there's going to be a \$200,000 impact on the setting of the tax rate, and we may all have to live with that because, Kevin, I've got to be a realist here, I don't think we're going to have things in place by October.

Mr. Clougherty stated our effort has been in the last few months to try and make sure if it was the desire of the Board to go ahead and do this program, use it aggressively, earn, as Randy said, the capability up to a half a million dollars. You have that ability today. It is in place. But now there are other important decisions that have to be made, which to us are the most important decisions. It's not so much what color is the credit card going to be or what is the banking arrangement going to be. You have to decide, how is it that we're going to maximize the effort of the credit card? And that's the question, I think one of the fundamental questions that you're asking. That person that's going to go out and deal with the vendors...talk to Sanal Auto Parts, in Randy's example and talk to

Public Service Company and talk to Union Leader. Is that person going to be an essential purchasing department that's independent, is that going to be a central purchasing department in Highway, is that going to be a central purchasing department, you know, wherever? Once you decide where you want it, these are the broad descriptions and the functions that have to be carried out. All we're trying to say is that if there are big chunks of dollars, like in Randy's example of the Union Leader, that we can pick off early on in this stage, to try and make sure that we make at least the \$200,000, those are the things that we're going to have Lisa focus on over the next months.

Chairman O'Neil stated let me, because we're running, we're never going to get through this, and I want to...there are some important...number one, it's your feeling that the use of the purchase cards - slash credit cards - are under your jurisdiction as the finance officer. The fact that the contract was signed and entered into, it's my opinion that the solicitor agreed with that. So, we don't need to spend a lot of time. I wish we would have had that discussion here, not trying to interfere with your authority as the Finance Officer and Treasurer of the City, but certainly I would have liked to have had that discussion to learn more. I've asked around a lot of places about it. There's not a lot of information out. It's a fairly new concept. So, it is what it is. We've lived with it. It looks like we may have some opportunities to save some money just on the example that was going forward. Two things before we finish up tonight that I'm most concerned about sitting here today - and it's not whether we have central purchasing or fleet management. We have two employees who are kind of hanging out right now. One is temporarily at Finance, although she's officially an employee of the City Clerk's office; the other is at the Highway Department. Whether or not there was discussions on whether their salaries could be charged to a central purchasing and that, I want to make it perfectly clear tonight that those people will still be employed by the City of Manchester. We may end up changing their roles as time goes on a little bit, but I don't want to leave here tonight, I don't want the two employees, because they happen to be here tonight, thinking that they could be out of a job because we in city government don't have our act together on this. And I want to make that clear leaving here tonight. Secondly is the status of the BSO at the Fire Department. We put an awful lot of pressure on the Fire Department this past spring regarding their budget. The chief probably needed to bring his helmet with him a few times because he got beat up a little bit over it and shortly thereafter, they lost their BSO who was scheduled to be the Fleet Manager in the discussions. In the meantime they're short their key financial person. I understand somebody in the office has stepped up, but I think the Chief and Assistant Chief are here to find out what's the status of that. Those are two things I'd like to kind of wrap up in the next five minutes because that's all we have. So, Kevin, do you want to finish up on something? Quickly. We're going to have several meetings on this, I'm sure. And it's good. I don't think that's unhealthy.

Mr. Clougherty stated, Aldermen, if you want, we can give you the details on the RFP banking process and give you the respondents and all that so, if that's something you want...

Chairman O'Neil stated I think it would be good, Kevin, just for us to learn about the process. I think that would be helpful.

Mr. Clougherty stated we can give you some summary sheets on that. The other thing is, with respect to the two positions, I think it's our feeling that, to the extent that we can generate the cash to cover those positions by using the cards, that that might be achievable. Right, Randy, we can continue to go ahead and apply the credit card use.

Mr. Sherman stated it's an awful lot of advertising in the Union Leader, but yeah! No, I do. And I guess I know where you're going on, and I don't want to take a lot of time but right now we're leaving money on the table doing it the old way.

Chairman O'Neil stated Randy, I'm not disagreeing with you, but again, I think we got a little ahead of ourselves on some things here. Not the purchase cards, but I think we got ahead of ourselves on moving people's positions around and all that, before the discussions actually happened here.

Mr. Sherman asked did the Mayor leave? How convenient, huh?

Chairman O'Neil stated Alderman Lopez would like to speak here.

Alderman Lopez stated just real fast, I just want to say that I want to hear the other side of the story. I agree with everything you've put up there, and I agree with what Kevin is saying, the financial aspect of it. I'm not too sure and I'm not convinced when I know the job that Mindy does at the Highway Department as to whether or not she could do this job or assistance by other people. So I'll leave it like that until we hear from the other side of the coin. I don't share the total philosophy that employees...if somebody can do this job and do it well or whatever the case may be, that employees be guaranteed the position that they went for. I just want to leave that until I hear the other side. It might be that we need two other people to do this job. But we have to hear the whole side of the coin. I say continue to march as going on forward and save as much money as you can, but, as Alderman O'Neil said, we'll have other meetings to discuss this further.

Mr. Sherman stated the real issue is working with the vendors, and that's where you've got to have a body to do that. And we'll try to identify as many as we can

as we go through the process, but it's those that, you know, again, it's that \$145 million that really is what you want to target.

Chairman O'Neil stated again, we have two employees who are not 100 percent sure how they're going to be paid. They're still working. They worked today, I'm sure. And it's in question on how eventually they're going to be paid. Where is the source of the funding? There's a key word in Kevin's letter to us, and it's addressing Mindy specifically, but they may eventually, that's the key word. That's not real reassuring to me.

Mr. Sherman stated no, I mean right now there is dollars to pay for salaries, and two of the people are employed...

Chairman O'Neil stated we're going to bring some closure to this but, Alderman Smith, finish it up and...

Alderman Smith stated I assume that this is going to be an independent with the Fleet Manager person and two assistants. Where are they going to work - out of the Finance Department or the Mayor? Who is going to be in control of these four individuals?

Mr. Sherman stated I think what the Mayor said, and I don't want to speak for him, I think what he said is he is open to any suggestions that the committee has. You have to decide that, including whether you want to start the process of creating a administrative services department like the State has, where you then start to bring in a number of these areas, and you don't have seven department heads. You have one department head that has seven divisions. And that's not unlike what you do at Public Works right now. We have one department head and then you have EPD, you have Public Works, and you have Traffic and you have Highway. I think what he is thinking is is maybe on the administrative departments maybe that's where you want to head as well. But that, again, I think, is a longer discussion.

Alderman Smith stated the Mayor said he wanted accountability. That's why I'm trying to get these four positions in house. Who's going to be responsible, who's going to manage it, who's going to oversee it?

Alderman DeVries stated, briefly, I'm hoping that we can meet maybe early next week to continue this conversation, because of the BSO position at the Fire Department.

Chairman O'Neil stated one of the things I was going to suggest is that the committee, if it feels right, take a vote to encourage the Mayor to allow that position to be filled. I think that's completely separate from this discussion.

On motion of Alderman DeVries, duly seconded by Alderman Smith it was moved to request the Mayor to consider allowing that BSO position to be filled.

Alderman DeVries stated I requested a copy of the contract, within that I want to know the loss and fraud liability on the purchase card.

On motion of Alderman Smith, duly seconded by Alderman DeVries, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee